Findings of a study of executives in America's 500 largest companies

Chief Personnel Executives Look at Blacks in Business

Heidrick and Struggles, Inc.

About Heidrick and Struggles

As one of the largest and most experienced management consulting firms specializing in executive search, Heidrick and Struggles has worked in all functions and within every one of the world's major industries. Men and women sought in behalf of client organizations range from candidates for boards of directors and chief executive officers to middle management.

Heidrick and Struggles provides access to leading executive markets here and abroad through its offices in 18 major business centers. The seasoned, skilled, and sensitive men and women of the firm's professional staff have had extensive management experience prior to entering consulting. These search consultants welcome the challenge of developing optimum solutions to client problems. The staff is supported by the search industry's most extensive research and planning function, the product of more than 25 years of intelligence gathering on industries, companies within industries, and both sources and prospects within companies.

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Methodology

In mid-1979, Heidrick and Struggles undertook a national survey of black managers and professionals in organizations of every type and size to assess the status of blacks in the executive marketplace. Results of this first broadly based study of black men and women in American business have been published as "Profile of a Black Executive."

At the same time, Heidrick and Struggles sought from chief personnel executives of the FORTUNE 500 companies information on the progress made by blacks in their organizations. The personnel heads were also questioned relative to their opinions on certain topics which had been included in the black executive study. This report is the result.

The chief personnel executives were contacted by mail, and replies were not identified by individual company. One hundred and fifty-six of the 500 executives chose to take part, a response of 31 percent. The make-up of participating organizations did not vary significantly from the 500 approached in terms of the three factors which are known—headquarters location, sales volume, and number of employees.

Replies have been examined by company size, location, size of work force, and type of products to determine the impact of these factors.

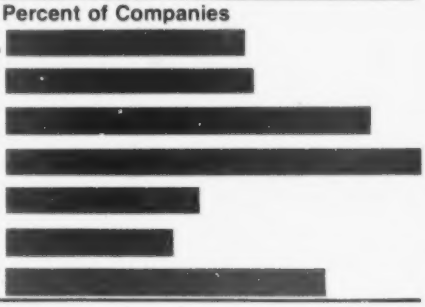
Heidrick and Struggles is grateful to the chief personnel executives who made possible the findings which follow.

Major Findings

- "Manager" is the most prevalent title held by surveyed organizations' highest ranking blacks.
- The participating personnel executives give their companies an average rating of "fair" in recruiting, developing, and retaining blacks as executives, compared with the FORTUNE 500 companies as a whole.
- The major problem experienced by the companies in recruiting blacks for managerial or professional posts is the scarcity of blacks with appropriate education and/or experience.
- One third of the organizations find it necessary to pay a premium to attract blacks to managerial or professional posts.
- The major problem experienced by the companies in developing black managers and professionals is the limited number in their organizations.
- The major problem in retaining blacks has been higher outside salary offers.
- Nearly half of the companies have been threatened with ineligibility for a federal contract because of a compliance review.
- A slight majority of the organizations have been subject at some time to a federal government race discrimination investigation involving black managers or professionals.
- Nearly half of the companies have been subject to a state government race discrimination investigation involving black managers or professionals.
- A quarter of the organizations have experienced a local government race discrimination investigation involving black managers or professionals.
- About three out of ten organizations have had a federal or state lawsuit filed against them, alleging race discrimination and involving black managers or professionals.
- About a quarter of the companies have signed a conciliation or consent agreement or have had entered against them a court decree dealing with race discrimination and involving black managers or professionals.
- An overwhelming majority—93 percent—of the chief personnel executives approve of corporate affirmative action goals.
- A majority of the companies factor into determination of a manager's or supervisor's compensation his or her record of achieving affirmative action goals.

Percent of Total Employees Who Are Black

Blacks in Work Force	Percent of Companies
4 percent or less	12.2%
5-6	12.9
7-8	18.7
9-10	20.9
11-12	10.1
13-14	8.6
15 percent of more	16.6
	100.0%

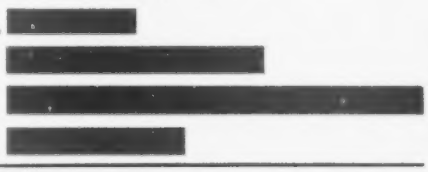


Average proportion of black employment: 10.25%

Billion dollar corporations have a larger proportion of black employees than do their smaller counterparts. Midwest companies report the largest percentage of black workers, with companies in the East claiming the smallest. Capital goods companies have a slightly larger average proportion of blacks in the work force than do consumer product concerns.

Title of Highest Ranking Black

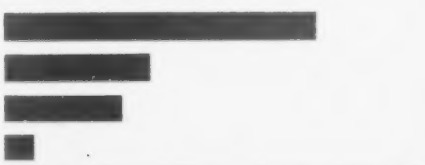
Title	Percent of Companies
Officer	13.1%
Director	26.8
Manager	41.8
Other	18.3
	100.0 %



"Manager" is the title of the highest ranking black executive in more than four out of ten companies. Virtually all of the officers hold the title of vice president. A greater proportion of blacks have obtained officer status at billion dollar companies, at firms headquartered in the East, at those organizations with the largest work forces, and at consumer products companies.

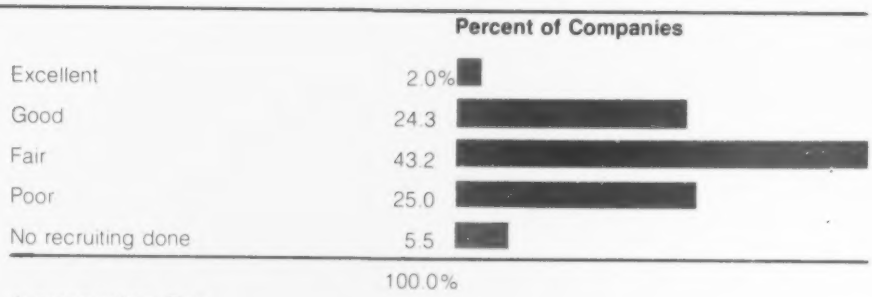
Functional Area of Highest Ranking Black

Functional Area	Percent of Companies
Manufacturing/Operations	22.4%
R&D/Engineering	10.4
Finance/Accounting/Audit	8.6
Data Processing/Computer Operations	2.3
Personnel/Human Resources	29.3
Sales/Marketing	14.4
Other	12.6
	100.0%



Three out of ten top-ranking black executives are found in the personnel/human resources function, possibly because of heavy representation in EEO/affirmative action. The next largest proportion is in manufacturing/operations, while sales/marketing ranks third. However, blacks are far less frequently found in sales/marketing in capital goods companies, probably since technical training typically is a requirement there.

Rating of Company's Record in Recruiting Blacks as Executives

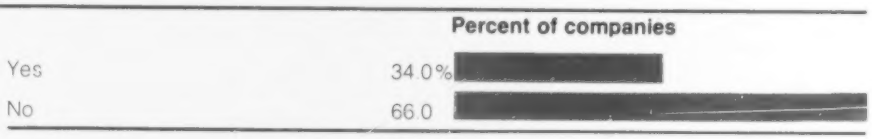


100.0%

Average rating: Fair

On average, the personnel executives rate their companies' performance as "fair" when compared with FORTUNE 500 companies as a whole in terms of recruiting blacks as executives over the past 15 years. Billion dollar companies, those headquartered in the East, companies with the largest work forces, and consumer firms rate themselves highest.

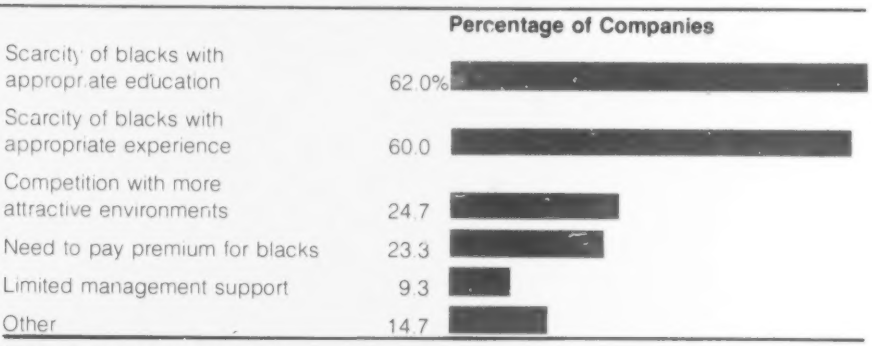
Premium Payment to Attract Blacks



100.0%

About one third of the responding organizations find it necessary to pay a premium to attract blacks to managerial or professional posts. More likely to pay above the market rate are companies in the Midwest, those with the largest work forces, and capital goods concerns.

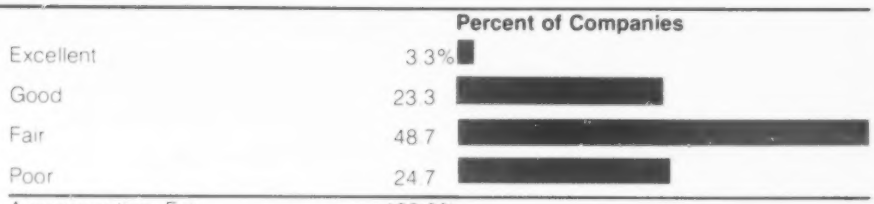
Major Problems in Recruiting Blacks



(Does not add to 100% due to multiple mentions)

The major problem reported by chief personnel executives in recruiting blacks for managerial or professional posts is the scarcity of blacks with appropriate education and/or experience. The small number of blacks with engineering degrees is a particular concern. Competition with more attractive environments is cited much less often by companies in the South, Southwest, and West.

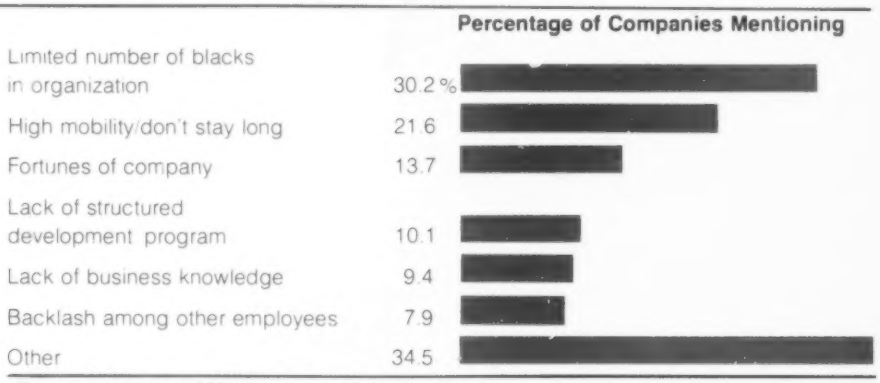
Rating of Company's Record in Developing Blacks as Executives



Average rating: Fair 100.0%

On average, the personnel executives rate their organizations' record in developing blacks as executives over the past 15 years as "fair" when compared with FORTUNE 500 companies as a whole. Billion dollar corporations, Midwest-based concerns, firms with the most employees, and consumer companies rate themselves highest.

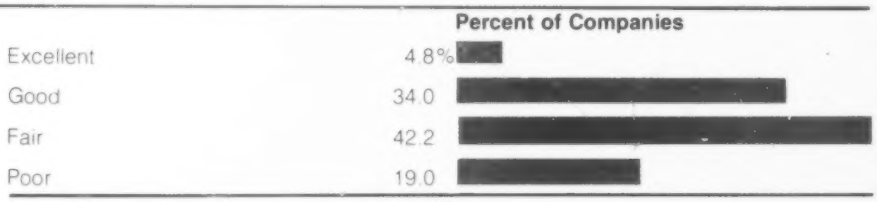
Major Problems in Developing Blacks


Percentage of Companies Mentioning
Limited number of blacks in organization 30.2%
High mobility/don't stay long 21.6
Fortunes of company 13.7
Lack of structured development program 10.1
Lack of business knowledge 9.4
Backlash among other employees 7.9
Other 34.5

(Does not add to 100% due to multiple mentions)

The most prevalent problem encountered by companies in developing blacks is the limited number already in the organizations. However, this was less of a problem for the billion dollar corporations and those with the largest work forces.

Rating of Company's Record in Retaining Blacks as Executives

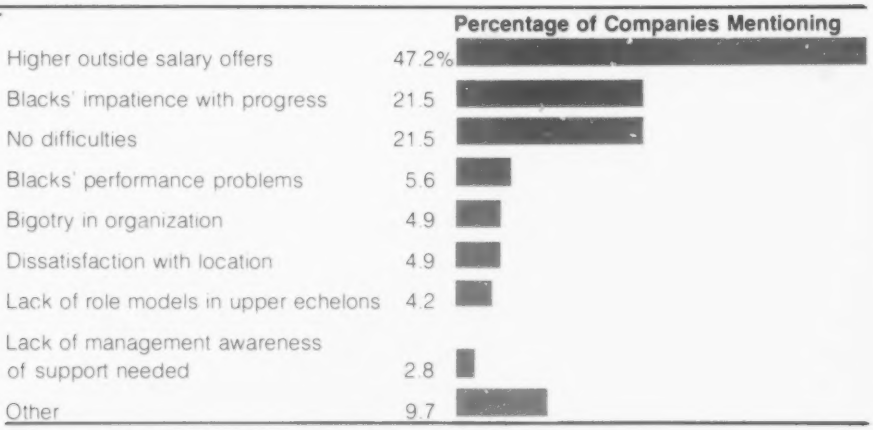


100.0%

Average rating: Fair

On average, respondents rate their performance in retaining black executives over the past decade and a half as "fair" when compared with the FORTUNE 500 companies as a whole. Billion dollar companies, Western-based firms, and organizations with the largest work forces rate themselves highest. Consumer and capital goods companies rate themselves equally in relation to retaining blacks.

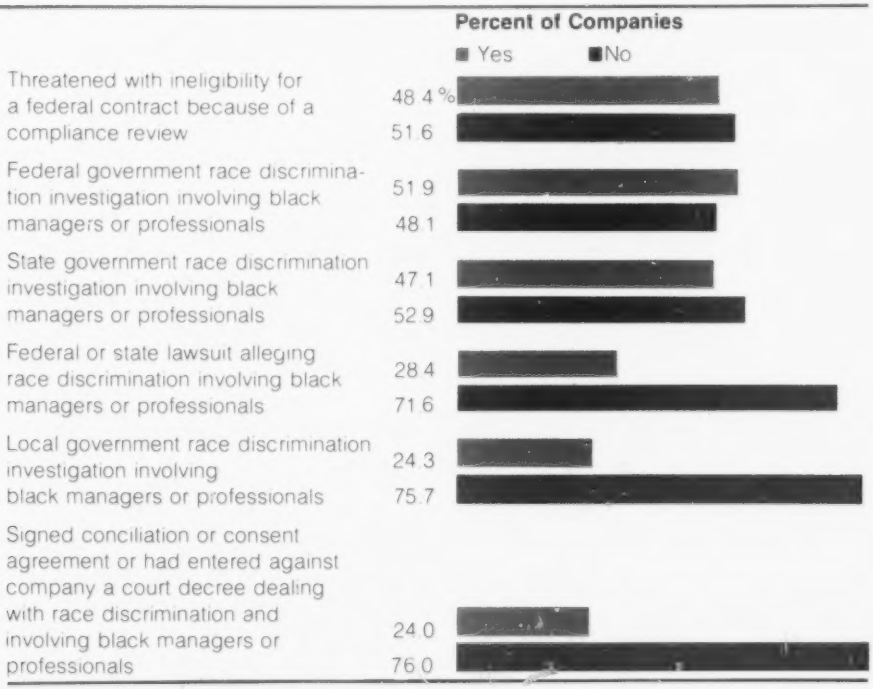
Major Problems in Retaining Blacks


Percentage of Companies Mentioning
Higher outside salary offers 47.2%
Blacks' impatience with progress 21.5
No difficulties 21.5
Blacks' performance problems 5.6
Bigotry in organization 4.9
Dissatisfaction with location 4.9
Lack of role models in upper echelons 4.2
Lack of management awareness of support needed 2.8
Other 9.7

(Does not add to 100% due to multiple mentions)

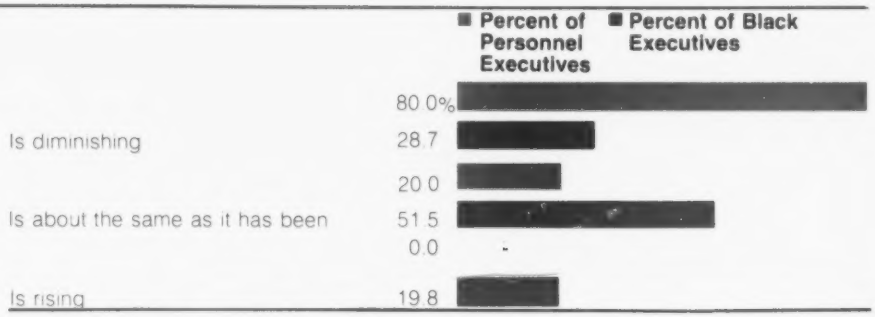
Higher outside salary offers represent the major problem companies have encountered in retaining blacks in managerial or professional posts. An equal number of companies reported no difficulties or the problem of blacks' impatience with their progress.

Government Action


Percent of Companies
Yes
No
Threatened with ineligibility for a federal contract because of a compliance review 48.4% 51.6
Federal government race discrimination investigation involving black managers or professionals 51.9 48.1
State government race discrimination investigation involving black managers or professionals 47.1 52.9
Federal or state lawsuit alleging race discrimination involving black managers or professionals 28.4 71.6
Local government race discrimination investigation involving black managers or professionals 24.3 75.7
Signed conciliation or consent agreement or had entered against company a court decree dealing with race discrimination and involving black managers or professionals 24.0 76.0

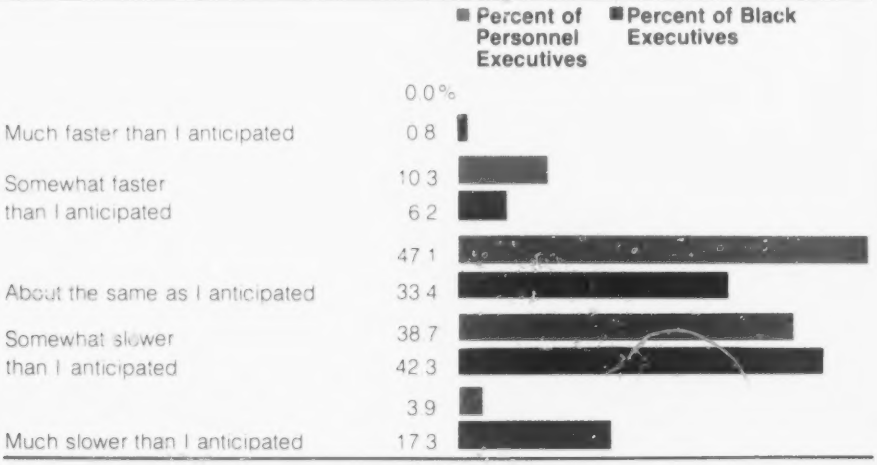
A federal race discrimination investigation is the only category of government action reported by a majority of the organizations. Usually, it is larger companies, those with more sizable work forces, and those with a consumer orientation which are targets of government action.

Feeling Regarding Racial Prejudice in Business



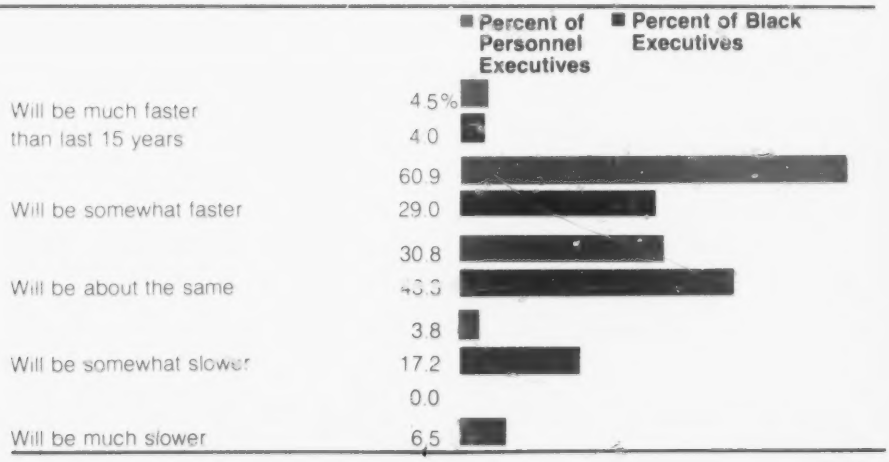
An overwhelming majority of the personnel executives feel that racial prejudice in business today is diminishing, but a slight majority of black executives in the firm's "Profile of a Black Executive" feel it is about the same as it has been.

Progress of Blacks Over the Past 15 Years



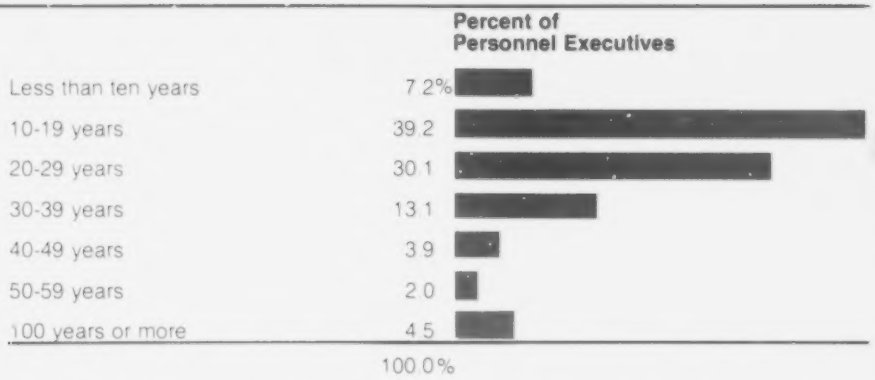
Personnel executives had lower expectations regarding the progress blacks would make in achieving executive positions in major American businesses during the past 15 years than did black executives themselves.

Anticipated Progress Over the Next 15 Years



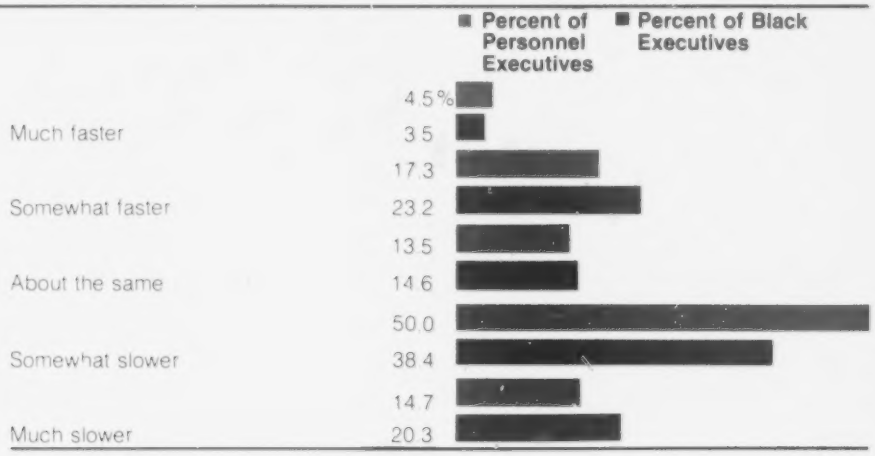
Black executives are much less optimistic about progress of their race over the next 15 years than are the chief personnel executives.

Time Required For Blacks to Achieve 12% of Managerial and Professional Posts



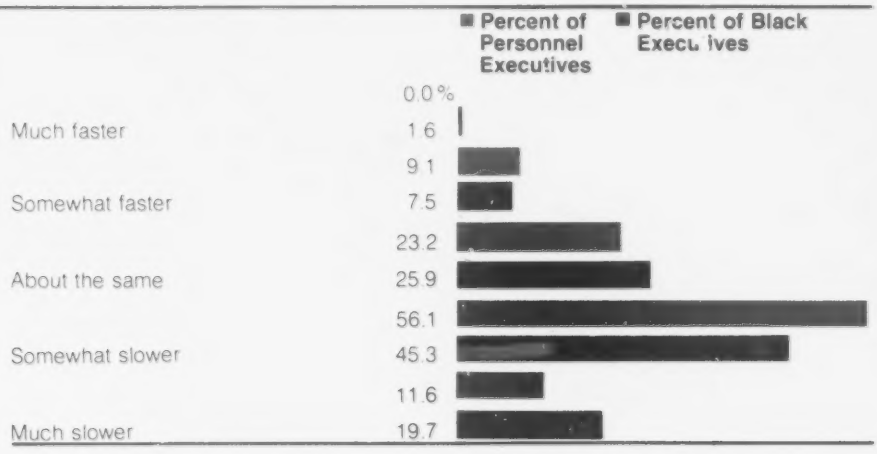
More than three quarters of the chief personnel executives believe blacks will hold 12 percent of managerial and professional slots in American business in less than 30 years. That 12 percent figure represents the present black proportion of the total U.S. population.

Progress of Blacks Over the Past 15 Years Compared with That of Women



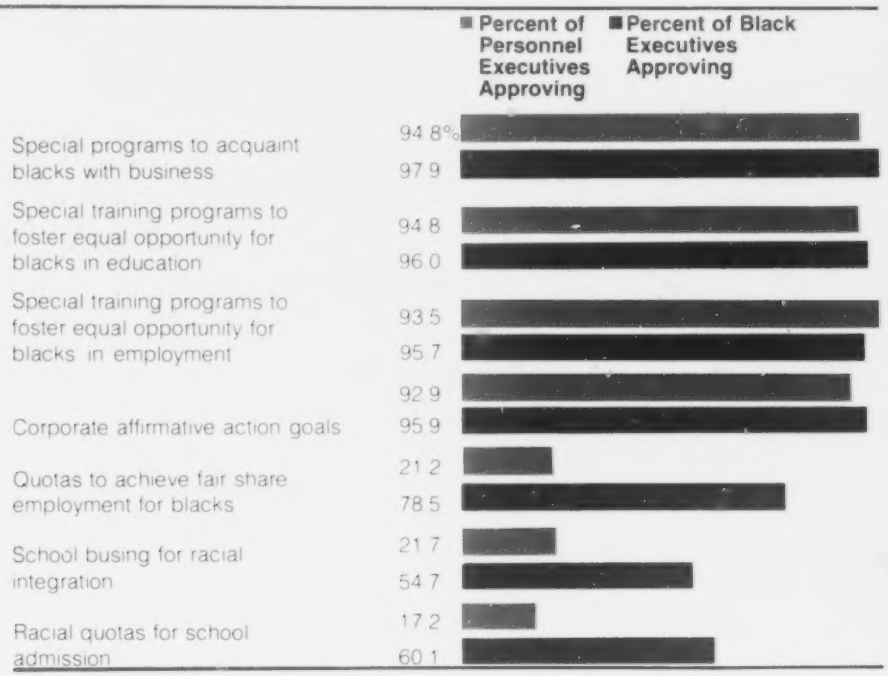
Interestingly, blacks are more encouraged than are personnel heads by the progress of blacks in achieving executive positions over the past 15 years when compared with that of women.

Anticipated Progress of Blacks Over the Next 15 Years Compared with That of Women



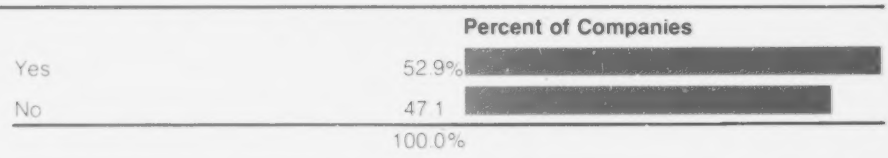
A greater similarity exists between personnel chiefs and black executives in forecasting the progress of blacks in achieving executive positions over the next 15 years when compared with that of women. Overall, however, blacks are far less sanguine about future progress compared with women than they are about that realized to this point.

Stand on Issues Affecting Blacks



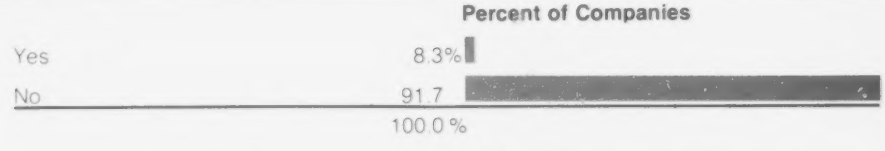
Not surprisingly, a larger proportion of blacks approve of seven issues affecting blacks than is true of personnel chiefs. However, three of the four business-related issues win overwhelming support from the personnel executives, including the concept of corporate affirmative action goals.

Affirmative Action Factored into Compensation



A slight majority of the participating companies rate a manager's or supervisor's achievement of affirmative action goals as a factor in reviewing his or her compensation. Such consideration is more likely to take place in billion dollar companies, in companies with larger work forces, and in consumer companies.

Change Caused by Weber Decision



More than nine out of ten executives report that the Weber decision of the Supreme Court will not cause any change in corporate efforts to achieve equal employment opportunity for minorities. Those who say change will result are unanimous in believing a stronger effort will be expended in behalf of affirmative action.

Publications

The firm's original research on trends in management is shared with the business community at large. A complete list of Heidrick and Struggles publications appears below. Single copies are available upon written request to our nearest office.

The Changing Board (1979 Update, 1978 Update, 1977)

Profile of the Board of Directors (1971, 1966)

Profile of a Chief Executive Officer (1977)

Profile of a President (1972, 1967, 1962)

President Profile, Bank and Bank Holding Company (1974)

Profile of a Bank President (1969, 1963)

Profile of a Woman Officer (1979, 1978, 1977)

Profile of a Black Executive (1979)

Chief Personnel Executives Look at Blacks in Business (1979)

Profile of a Chief Financial Officer (1975, 1970, 1965)

Profile of a Chief Personnel Executive (1977)

Profile of a Chief Marketing Executive (1976, 1971, 1966)

Profile of a Chief International Officer (1975, 1970)

Profile of a Chief Research and Development Executive (1978, 1973, 1968)

Profile of the Bank Chief Executive in Great Britain (1973)

Profile of the British Board of Directors (1972)

Profile of the Chief Financial Officer in Great Britain and His American Counterpart (1976)

Profile of a Canadian President (1973)

Profile of the European Chief Executive and His American Counterpart (1969)

Profile of the European Personnel Director (1976)

Profile of the Chief Executive Officer in Mexico (1977)

Profile of a Mobile Executive (1977)

Executrend—Measuring the Executive Market (originated in 1954, issued semi-annually)

Director Data—A report on outside director selection practices (originated in 1976, issued annually)

The Search For Management—Services of an Executive Recruiting Firm

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